Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

F.S.
S-35

January 31, 1927

1.9
Ec752F
FEB 15 1927

LIBRARY
BUREAU OF
AGRICULTURAL ECONOMICS
U.S. DEPARTMENT OF AGRICULTURE

FOREIGN NEWS ON SUGAR

- - - - -

THE SUGAR SITUATION

With world sugar production for the current season below that of last year and consumption apparently increasing, the trend of sugar prices seems to be toward higher levels. Indications are that the world sugar crop for the current season will be about 6 per cent below that of last year. While the decrease is partially offset by increased stocks, consumption has been steadily increasing, and the present outlook is for a relatively small carryover at the end of the present season.

The 1926-27 world sugar crop is roughly estimated at 25,800,000 short tons or 1,662,000 short tons below that of last season. The decrease from last year is mostly accounted for by reductions in Czechoslovakia, Cuba and Java, all important sugar exporting countries. The Czechoslovakian crop is reduced from 1,658,815 short tons produced in 1925-26 to 1,121,000 short tons, the estimate for the current season. Cuba, in accordance with the crop restriction law, is expected to produce no more than 5,040,000 short tons as compared with 5,470,817 produced last season. The crop in Java is 2,185,035 short tons for the current season as compared with 2,535,293 short tons harvested in 1925. This makes a loss in sugar production for these three countries alone of 1,318,289 short tons. In Sweden, beet growers and manufacturers failed to agree on sugar beet prices, and the acreage was reduced 92 per cent resulting in a sugar crop 203,000 short tons less than that produced during the previous season. This year, Sweden will, therefore, be forced to import sugar to cover home consumption.

The decrease in world production appears to be partially offset by an increase in carryover from the previous campaign. Carryover and stocks on September 1 at the United States refining ports, at all points in Cuba, and in eight European countries amounted to 3,170,000 short tons as compared with 2,383,000 short tons on the same date in 1925. However, consumption in most countries has been steadily increasing in recent years and it seems reasonable to expect that it will continue to do so in the coming year. Consumption in eleven European countries, for which data are available, increased from 6,622,000 short tons during the 1924-25 season to 7,055,000 short tons during the season just closed. Reports for some of these countries in previous years indicate a similar increase In the United States consumption is also increasing. The indicated sugar disappearance in the United States has increased from 5,656,000 short tons in 1923-24 to 6,560,000 in 1924-25 and 6,669,000 in 1925-26. Should consumption continue to increase during the coming year as it has in the past, it seems probable that unless prices rise sufficiently to prevent it, the carryover from the 1925-26 season will be practically absorbed leaving minimum stocks at the end of the present season.

With respect to United States production for the coming season the Bureau of Agricultural Economics included the following statement in its Outlook report released January 28th: "In well established sugar beet districts where adequate yields can be expected, growers who can secure satisfactory contracts will probably find it advantageous to increase acreage up to factory capacity. With an outlook for gradually increasing sugar prices, cane growers who can obtain seed of disease-resisting varieties should consider the advisability of increasing acreage."

----------0----------

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

F.S.
S-36

1.9
Ec75F
MAR 16 1927

March 7, 1927.

FOREIGN NEWS ON SUGAR

- - - - - -

SUGAR CONSUMPTION IN THE UNITED STATES

The amount of sugar consumed annually in the United States has increased by nearly 3,000,000 short tons since 1909. The table on the following page shows the amount of sugar which became available for consumption in Continental United States in each year since 1909. The table itself is self explanatory. The actual consumption would differ from the amount available for consumption chiefly in the difference in stocks at the beginning and end of successive seasons.

The figures for the past five years are given both in terms of centrifugal raw sugar and refined sugar. For the year ending June 30, 1926, the exports of sugar in other forms are not yet available so an indicated consumption figure for that year is not given in the table. But in case the exports in other forms, such as condensed milk and canned fruit, should be equal to those of the year before, the total available for consumption in terms of refined sugar would be 6,212,574 short tons and the per capita 108.8 pounds.

SUGAR: Production, trade, and supply available for consumption in continental United States, 1909-1926

Year beginning July 1	Production 1/	Brought in from Insular Possessions 2/	Imports as sugar 3/	Domestic exports as sugar 4/	Exports in other forms 5/	Available for consumption 6/ Total	Available for consumption 6/ Per capita
	Short tons	Short tons	Short tons	Short tons	S. tons	Short tons	Pounds
	IN TERMS OF RAW SUGAR						
Av.1909-13	957,491	1,004,493	2,068,427	45,502	17,317	3,967,591	84.0
Av.1914-20	1,102,153	1,072,288	2,847,575	547,406	46,538	4,428,072	86.0
Av.1921-25	1,187,693	1,495,517	3,854,633	441,588			
1909	882,630	927,752	1,934,754	72,382	24,351	3,648,403	79.7
1910	903,475	943,701	1,845,279	36,597	15,966	3,639,891	78.3
1911	1,005,337	1,187,663	1,832,424	50,380	15,160	3,959,883	83.9
1912	907,070	1,026,972	2,266,426	30,963	19,217	4,150,288	86.6
1913	1,088,844	936,376	2,463,252	37,190	11,892	4,439,489	91.3
1914	1,022,828	1,098,314	2,529,963	302,641	13,585	4,334,878	87.9
1915	1,078,407	1,102,057	2,689,067	882,864	12,213	3,974,453	79.4
1916	1,193,107	1,203,938	2,527,984	676,752	29,211	4,219,065	83.2
1917	1,068,437	975,684	2,344,816	305,429	46,131	4,037,377	98.5
1918	1,102,421	1,073,944	2,799,962	568,566	36,747	4,371,013	83.8
1919	903,060	975,735	3,812,955	776,502	98,386	4,816,862	91.1
1920	1,346,811	1,076,342	3,228,279	319,589	89,491	5,242,852	97.9
1921	1,424,726	1,340,867	3,940,777	1,085,349	31,397	5,589,624	103.0
1922	1,021,360	1,235,049	4,068,205	412,196	12,568	5,899,849	107.3
1923	1,111,898	1,274,870	3,436,955	152,883	19,651	5,656,188	101.6
1924	1,260,483	1,645,319	3,931,282	273,470	22,436	6,541,178	116.0
1925	1,120,856	1,981,482	3,895,947	325,304			
1926	1,066,000						
	IN TERMS OF REFINED SUGAR 7/						
1921	1,325,906	1,260,894	3,686,397	1,009,377	29,182	5,234,638	96.5
1922	950,625	1,161,351	3,805,745	383,439	11,682	5,522,600	100.5
1923	1,034,615	1,198,777	3,214,883	142,217	22,943	5,283,115	94.9
1924	1,172,466	1,547,587	3,674,563	254,391	20,911	6,119,314	108.5
1925	1,042,903	1,859,332	3,634,323	303,073			

Division of Statistical and Historical Research. Trade figures, Bureau of Foreign and Domestic Commerce. 1/ Beet and cane sugar only. 2/ Duty free, from Hawaii, Porto Rico, and the Philippine Islands (Virgin Islands included 1917 and subsequently.) 3/ No account taken of sugar imported in other forms. Imports from the Philippine Islands excluded, re-exports deducted. 4/ Shipments to Hawaii and Porto Rico included. Direct exports to foreign countries from Hawaii and Porto Rico excluded. 5/ Sugar used in the manufacture of other commodities for export on which drawback was paid. 6/ No account taken of stocks at the beginning or end of year. 7/ Raw sugar converted to refined by multiplying by the following factors: Cuba and Hawaii .9358; Porto Rico .9393; Philippines .95; all others (Santo Domingo, British West Indies, Louisiana, etc.) .932.

---------0---------

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

F.S.
S-37

March 7, 1927

FOREIGN NEWS ON SUGAR

1.9
Ec 766 E
MAR 16 1927

- - - - - -

LIBRARY
BUREAU OF
AGRICULTURAL ECONOMICS
U.S. DEPARTMENT OF AGRICULTURE

THE 1927 EUROPEAN SUGAR BEET ACREAGE

The 1927 European sugar beet acreage is expected to show an increase of at least 10 per cent above that of last year, according to an unofficial estimate cabled to the United States Department of Agriculture from Agricultural Commissioner Haas at Berlin. This would indicate an acreage of 6,000,000 acres devoted to sugar beets in Europe including Russia.

European sugar beet acreage for the last few years is given below, the pre-war average is given for comparison.

Year	Acreage
	Acres
Average 1909-1913	5,316,000
Average 1921-1925	4,352,000
1924	5,376,000
1925	5,296,000
1926	5,460,000

----------0----------

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

F.S.
S-38

May 2, 1927.

MAY 31 1927

FOREIGN NEWS ON SUGAR

- - - - - - -

INCREASE IN EUROPEAN BEET SUGAR ACREAGE CONFIRMED BY MIKUSCH

The total European sugar beet acreage for 1927, as estimated by Dr. Gustav Mikusch, is placed at 5,992,000 acres, an increase of 11 per cent over his final estimate of 5,392,000 acres for last year, according to a cable to the United States Department of Agriculture from Agricultural Commissioner Haas at Berlin. Licht's estimate, previously reported, indicates an increase of 12 per cent over the 1926 acreage.

Estimates by countries, as reported by Dr. Mikusch, are given below. As a detailed report of his final figure for the 1926 acreage has not yet been received, his preliminary estimate for 1926 is given for comparison.

Country	1926 Preliminary	1927 Preliminary	Per cent 1927 is of 1926
	1,000 acres	1,000 acres	Per cent
Germany	877	976	111.3
Czechoslovakia	667	670	100.4
France	605	561	92.7
Poland	420	479	114.0
Belgium	148	166	112.2
Netherlands	161	161	100.0
Italy	210	240	114.3
United Kingdom	124	198	159.7
Spain	210	198	94.3
Rumania	151	173	114.6
Hungary	158	153	96.8
Yugoslavia	109	111	101.8
Sweden	7	100	a/ 1428.6
Denmark	72	81	112.5
Austria	47	56	119.1
Bulgaria	44	44	100.0
Russia	b/ 1,322	1,581	119.6
Others	17	44	258.8
Total, exclusive of Russia	4,027	4,411	109.5
Final, exclusive of Russia 1926	4,052		108.9
Total, including Russia	5,349	5,992	112.0
Final for 1926	5,392		111.1

a/ The Swedish beet sugar industry was practically discontinued in 1926 due to a disagreement between growers and factory owners as to sugar beet prices. Favorable terms were restored in 1927.

b/ Final estimate 1926 as reported by Mikusch is 1,339,000 acres.

----------0----------

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

F.S.
S-39

May 11, 1927.

MAY 31 1927

FOREIGN NEWS ON SUGAR

LIBRARY BUREAU OF AGRICULTURAL ECONOMICS U.S. DEPARTMENT OF AGRICULTURE

- - - - -

ITALIAN SUGAR BEET ACREAGE GREATER THAN LAST YEAR

The Italian Sugar Industries Association estimates the 1927 sugar beet acreage of Italy at 235,000 acres, an increase of 18.4 per cent over last year, according to a cable from the International Institute of Agriculture at Rome to the United States Department of Agriculture. An early trade forecast placed the increase in acreage over last year at about 35 per cent, which, it was stated, would probably produce enough sugar to supply the domestic demand. Normally, Italy does not produce enough sugar for domestic consumption, which, according to E. Humes of the Commercial Attache's Office at Rome, is estimated at between 375,000 and 385,000 short tons.

The Italian sugar beet acreage and production of sugar for late years have been as follows, figures for the pre-war period are given for comparison:

Year	Acreage of beets	Production of sugar in terms of raw
	Acres	Short tons
Average 1909-1913	130,000	209,000
Average 1921-1925	207,000	308,000
1923	223,000	362,000
1924	306,000	a/ 468,000
1925	141,000	a/ 170,000
1926	a/b/ 180,000	a/ 352,000
1927 preliminary	c/ 235,000	---

Official figures unless as otherwise stated.
a/ As reported by the International Institute of Agriculture.
b/ According to the increase for 1927 reported in the cable, the Sugar Association estimate for the 1926 acreage would be 198,000 acres.
c/ Estimate by the Italian Sugar Industry Association.

High sugar prices in 1924 and the subsequent decline the following account for the drop of 54 per cent in the 1925 sugar beet acreage. The season 1924-25 marks the beginning of a very critical period in the Italian sugar industry, caused mainly by the free importation of foreign sugar while Italian producers were handicapped by a heavy manufacturing tax.

The sugar import duty was suspended in May 1923 with the view to keeping down prices to consumers. As a result of this measure foreign sugar flooded the Italian market and, since the Italian sugar manufacturers were not able to meet the prices of their competitors, large stocks of domestic sugar accumulated. After an investigation of the situation had been made by a government commission appointed for that purpose, the government, in February 1925 re-established the former tariff rate of $15.75 per short ton (lire 9 gold per quintal) for sugar having a yield in terms of refined of more than 95 per cent and $10.50 per short ton (lire 6 gold per quintal) for sugars of lower grades. However, the provision in the former tariff allowing a coefficient of increase of 100 per cent, whereby the above rates were doubled, was abolished. As this tariff barrier was not considered high enough by the manufacturers, the government, in October of the same year re-established the coefficient increase of 100 per cent which brought the duty of first class sugar to $31.50 per short ton (lire 18 gold per quintal) and on second class sugar to $21.00 per short ton (lire 12 gold per quintal). In March 1926 the coefficient of increase was raised to 175 per cent, thus making the duty on first class sugar $43.33 per ton (2.17 cents per pound) and $28.89 per ton on second class sugar (1.44 cents per pound), the rates now in effect.

----------0----------

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

F.S.
S-40

1.9
Ec752F

May 31, 1927.

LIBRARY
BUREAU OF
AGRICULTURAL ECONOMICS
U.S. DEPARTMENT OF AGRICULTURE

FOREIGN NEWS ON SUGAR

- - - - -

THE AUSTRALIAN SUGAR INDUSTRY

A revised estimate places the Australian sugar crop at 504,000 short tons as compared with the record crop of 585,000 short tons produced in 1925-26, according to a cable to the United States Department of Agriculture from the International Institute of Agriculture at Rome. This indicates a crop well above the domestic requirement which is placed at approximately 330,000 short tons.

It is only within recent years that Australia has produced an exportable surplus of sugar, which is evident from the following table of sugar production in late years.

Year	Production
	Short tons
Average, 1909-1913	217,361
1921-22	338,101
1922-23	346,247
1923-24	324,243
1924-25	481,985
1925-26	584,646
1926-27	504,000

Official sources and International Institute of Agriculture.

It is not considered probable that sugar production in Australia will increase far beyond the amount required for domestic consumption. The cost of producing sugar in Australia has been greater than the price of sugar in the world market due partly at least to labor restrictions, to compensate for which the industry has been subsidized partly by bounties and partly by fixed prices. Any considerable surplus produced over that required for domestic needs must be sold abroad at lower prices and accordingly is regarded as undesirable. In 1925 when Australia produced her record crop of 584,646 short tons raw sugar, 236,000 short tons were exported at a considerable loss to the industry, according to a report from Trade Commissioner E. G. Babbitt at Sydney in which he quotes an article in "The Daily Telegraph" of February 8, 1927. The net value of the crop sold abroad was $49.05 per short ton (£ 11 5s. 9d. per long ton), whereas the price of sugar in Australia was fixed at $117.31 per short ton (£ 27 per long ton), in accordance with an agreement between the governments of the State of Queensland and the Commonwealth. Special concessions to consumers of sugar, and for administration and other costs of the Sugar Board, however,

reduced the Australian price to $112.97 per short ton (£ 26 per long ton). Pooling the Australian price with the world market price results in an average price of $86.59 per short ton (£ 19 10s. 7d. per long ton) which may be considered as the average price which the Queensland sugar industry received for the entire crop, according to the report.

Within recent years cost of production has increased considerably due to increased wages to cane cutters and to shorter work hours. A ruling of the Board of Trade and Arbitration reduced the 48 hour week in the Queensland mills to a 44 hour week, which is one factor tending to increase the cost of sugar production, according to Consul R. L. Rankin at New Castle, New South Wales.

The high cost of sugar production in Australia is mostly due to the "White Australia" policy which prohibits the use of cheap colored labor in the cane fields. This policy which dates back several years has both popular and governmental support as it has been instrumental in checking immigration of colored races from neighboring countries and islands, states Consul Rankin.

The first legislation which directly affected the "White Australia" policy was in 1902 when an excise tariff of 65 cents per 100 pounds (3 shillings per cwt.) of manufactured sugar was charged and a rebate of 87 cents per short ton (4 shillings per long ton) allowed on all sugar cane delivered for manufacture in the production of which white labor had been employed after February 28, 1902. This rebate was calculated on the basis of cane giving 10 per cent of sugar, and was increased or decreased proportionally according to any variation from this standard. In 1903 the rebate was abolished and the Sugar Bounty Act was substituted which provided for a bounty of 87 cents per short ton (4 shillings per long ton) of cane. The rates were raised in 1910 to $1.30 per short ton (6 shillings per long ton) cane of 10 per cent quality grown by white labor, provided rates of wages and conditions of employment of such labor were fair and reasonable. This remained in effect until 1912 when both the sugar bounty and the sugar excise tax were abolished, at the same time employment of colored labor in connection with the industry was prohibited.

For the period 1915 to 1922 the Commonwealth assumed control of the Australian sugar output, paying the growers a fixed price of $78.21 per short ton raw sugar (£ 18 per long ton) in 1915 which was raised to $91.25 (L 21) in 1917. An agreement was made in 1920, with the Queensland Government for a period of three years, which fixed the price for the first year at $131.80 per short ton raw sugar (£ 30 6s. 8d. per long ton), and making that price the minimum for each succeeding season, any increase being limited to the extra cost of production due to higher wages paid to the sugar workers to meet the increased cost of living. In 1923 the Commonwealth provided for a Sugar Pool Board free from Government control to take charge of the sugar output. The sugar price was to be fixed by a competent tribunal but was not

to exceed $117.31 per short ton (£ 27 per long ton) raw sugar. The embargo against the importation of sugar grown by colored labor which had been in effect for some time was to be definitely withdrawn June 30, 1925, after which date the sugar industry was to be protected from unfair competition by means of the customs tariff. The tribunal appointed in April 1924 fixed the price of raw sugar at $117.31 per short ton (£ 27 per long ton).

A further agreement between Queensland and the Commonwealth Government in 1925 arranged that the embargo on imports of sugar grown by colored labor be extended 3 years from September 1, 1925. The price of sugar for home consumption was to remain at $117.31 per short ton (£ 27 per long ton) less $4.35 per short ton (£ 1 per long ton) to defray administrative and general expenses of the Sugar Board and to provide special concessions to certain consumers of sugar, while for the portion reserved for export the price was fixed at $41.28 per short ton (£ 9 10s. per long ton) subject to realization adjustment.

As a result of these regulations the sugar industry progressed considerably. The guaranteed price induced mill owners to make considerable additions to their plants thereby increasing the efficiency of the mills while farmers in nearly every district put new areas under cane, using in many cases land that had been unused for years. Accordingly the total acreage under cane increased 57 per cent during the crop years 1920-21 to 1924-25. The total crop except about 3,000 short tons is cane sugar, of which 94 per cent is grown in Queensland, the balance being grown in New South Wales. Beet sugar has averaged about 3,000 short tons in the post-war period, while in the pre-war period only about 1,000 short tons were produced. Beet sugar is produced in Victoria at one factory located at Maffra. Total acreage under cane during this period is officially reported as follows:

Year	Acres
1920-21	174,000
1921-22	197,293
1922-23	216,886
1923-24	237,280
1924-25	273,512

Statistics of the Australian sugar trade since 1920-21 show a marked decrease in imports and a corresponding increase in exports. In 1926-27, however, a sharp decline in exports is expected, according to American Trade Commissioner Babbitt at Sydney, who reports that the surplus from this year will probably not exceed 90,000 short tons due to the decreased production and the steadily increasing consumption. Exports and imports during the years 1919-20 to 1925-26 have been as follows:

Year	Net imports a/	Exports
	Short tons	Short tons
1919-20	123,348	170
1920-21	125,544	10
1921-22	5,606	39
1922-23	2,164	2,809
1923-24	b/ -5,753	11,121
1924-25	629	89,893
1925-26	No data	c/ 236,000

Official sources except as otherwise stated.

a/ Imports minus re-exports of foreign sugar.

b/ Re-exports exceeded imports.

c/ As reported by American Trade Commissioner Babbitt quoting "The Daily Telegraph."

---------- 0----------

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

F.S.
S-41

September 2, 1927

FOREIGN NEWS ON SUGAR

- - - - - -

ACREAGE AND PRODUCTION OF SUGAR BEETS IN RUSSIA

The Russian sugar beet production for 1927 is estimated at 10,913,000 short tons and the raw beet sugar crop is placed at 1,454,000 short tons from an acreage of 1,526,000 acres, according to a cablegram to the United States Department of Agriculture from the International Institute of Agriculture at Rome. This year's crop, which is the largest one produced since the war, is considerably above that of last year when 6,944,000 short tons of sugar beete yielding 947,000 short tons of sugar were harvested from an acreage of 1,229,000 acres. The Russian sugar industry has increased steadily since 1921-22 with the exception of last year when, due to the unfavorable relationship between sugar beet and grain prices, the acreage devoted to beets was reduced slightly. The crop as estimated for the present season compares very favorably with the pre-war production. While the estimated sugar crop falls slightly below that of the average for the years 1909-10 to 1913-14, the acreage and production of beets is above the pre-war average.

Acreage and production of sugar beets and sugar in Russia since 1924-25 as compared with the pre-war average are given below.

SUGAR BEETS: Area and production in Russia

Year	Acreage	Production	
		Sugar beets	Raw sugar
	Acres	Short tons	Short tons
Average 1909-10 - 1913-14 a/	1,483,600	10,635,700	1,557,000
1924-25	860,000	3,213,000	501,977
1925-26	1,286,100	7,617,900	1,065,315
1926-27	1,229,000	6,944,000	947,206
1927-28 preliminary	1,526,000	10,913,000	1,454,000
	Per cent	Per cent	Per cent
Per cent 1927-28 is of 1926-27	124.2	157.2	153.5

a/ Estimates for present boundaries.

----------0----------

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

December 5, 1927

F.S.
S-42

FOREIGN NEWS ON SUGAR

- - - - - - - -

1.9
Ec752F

CUBAN SUGAR DEFENSE LAW

The principal features of the Cuban sugar defense law, which became effective on October 5, 1927, are: (1) restriction of sugar output; (2) limitation of sugar exports to the United States; (3) creation of a sugar export corporation to handle surplus not exported to United States, and (4) the creation of a national sugar commission. It is hoped by this law, as stated by the President of Cuba in recommending its enactment by the Cuban Congress, to insure greater stability to the Cuban sugar industry and to obtain for the producers more remunerative prices for their product.

The new legislation marks the culmination of efforts initiated by the Cuban government in May, 1926. At this time the Cuban Congress passed the so-called crop restriction law which authorized the President, among other things, to fix the quantity of sugar cane to be ground from each crop. Restriction of production alone, however, did not accomplish the end desired.

Growth of Cuban Sugar Production and Exports

Sugar constituted about 82 per cent of the average value for the past three years of the total exports from Cuba and the price obtained for sugar is the principal factor affecting the prosperity of the country. The rapid expansion of sugar in Cuba, as well as in other sugar countries, during and after the world war, together with the gradual recovery of the beet sugar production in Europe, have been the factors leading up to the present surplus problem in Cuba. In 1913-14, the year preceding the world war, the sugar production of Cuba was reported at 2,909,460 short tons; by 1924-25 it had reached 5,812,068 short tons - an increase of 2,902,608 short tons, or approximately 100%. During the same period the exports of sugar from Cuba to the United States increased approximately 67%. The significance of these figures will be more readily appreciated when it is remembered that the Cuban exports to the United States in 1925-26, for example, represented approximately 78% of her total production during that year and 82% of her exports to all countries. Conversely, the imports of sugar into the United States from Cuba in 1925-26 represented approximately 56% of the total sugar supply available in this country for consumption and export. The statistical position of Cuban sugar in its relation to production and consumption of sugar in the United States in 1914-15 and 1925-26 is shown in the following tabulation compiled from official sources:

SUGAR: U. S. production, imports, and supply available for consumption, in terms of raw sugar, 1914 and 1925

Year beginning July 1	Production	Imports a/ From Insular possessions	Imports a/ From Cuba	Available for consumption b/	Per capita consumption
	Short tons	Short tons	Short tons	Short tons	Pounds
1914.....	1,022,828	1,098,314	2,392,444	4,334,878	87.9
1925.....	1,120,381	1,981,482	3,861,283	6,647,008	117.1
Increase: c/					
Quantity...	97,553	883,168	1,468,839	2,312,130	29.2
Per cent...	9.5%	80.4%	61.4%	53.3%	33%

a/ For details of imports and exports, see Table 6. b/ Production plus imports and shipments from insular possessions, including Philippine Islands, less exports. c/ 1925 over 1914.

From the figures it will be observed that while the production of sugar in Cuba has increased approximately 100% from 1914 to 1925, the total consumption of sugar in the United States has increased only about 53% during the period in question. In other words, the production of sugar in Cuba since 1914 has increased at a far greater ratio than the consumption of sugar in the United States, the principal market for Cuban sugar.

Sugar Prices and the United States Tariff

The price of sugar and its relation to the United States tariff is an important consideration. Cuban sugar imported into the United States enjoys a preference under the terms of the reciprocity treaty concluded between the United States and the Republic of Cuba on December 11, 1902, in the form of a 20 per cent reduction from the regular rates fixed by the Tariff Act. Excepting our insular territories whose sugar enters free, Cuba is the only important shipper of sugar to the United States. Cuban sugar interests maintain that because of the large expansion of Cuban sugar production and exports to the United States they are not receiving the benefits of the 20 per cent preference. Present legislation aims to remedy this situation; the President of Cuba, as explained elsewhere, is not only authorized to regulate the quantity of sugar produced in the Republic but also the quantity that may be exported to the United States.

The average price of raw sugar in New York in 1926 was 4.3 cents per pound (table 5) compared with 3.8 per pound in 1914, an increase of .5 cents per pound or 13.2 per cent. In comparing these prices it is important

to keep in mind the variable effect of the import duty on sugar in 1914 and 1926. Under the Tariff Act of 1913 the duty on sugar testing not above 75° by the polariscope was 0.71 cents per pound and 0.26 per pound for each additional degree compared with 1.24 cents per pound and 0.46 per pound for each additional degree under the Tariff Act of 1922, now in effect. During the fiscal year ending June 30, 1915, for example, the bulk of the sugar imported from Cuba tested not above 95° and paid a duty of 1.23 cents per pound less 20 per cent, or 0.984 cents per pound. The equivalent ad valorem of the duty assessed during that year was 30.99 per cent. In 1926 (calendar year), the bulk of the sugar imported from Cuba came in under rates of 2.16 and 2.206 cents per pound, respectively, less 20 per cent, or net rates of 1.728 and 1.765 cents per pound. On the basis of these rates the average equivalent ad valorem works out to 73.54 and 77.21 per cent, respectively.

Essential Provisions of the New Law

A brief summary of the essential provisions of the new law and of the steps that have been taken so far toward the establishment of the machinery authorized by this law are given below:

(1) National Sugar Commission. Article I of the law authorizes the creation of a National Sugar Commission, to be composed of five members and appointed by the President, whose duty it shall be to advise the President of the Republic upon all the matters concerning the sugar situation.

The Commission authorized under the terms of this law is, in effect, a continuation of a similar board appointed by the President to assist him in the administration of the old crop restriction law. The new Commission, however, is not only given broader powers and responsibilities, but these powers, as well as the creation of the Commission itself, are expressly authorized by the new law. The chief duty of the new Commission will be the determination of and recommendation to the Cuban President of the quantity of sugar that may be produced in the Republic of Cuba and the quantity that may be exported to the United States.

In defining the duties of the Commission, the law provides in Article IV that the Commission shall prepare estimates of production and world consumption of sugar, taking into account the carry-over, both national and foreign, stocks, domestic and foreign, and report on the outlook for sugar production, present and future requirements for sugar, both domestic and foreign, and, in general, furnish such data as may be necessary to form an intelligent basis for action.

Formal appointment of the five members of the Sugar Commission was made by the President of the Republic of Cuba, under date of October 13, 1927.

(2) Crop restriction.--The law provides that as soon as the Sugar Commission has made its estimate of the sugar requirements for the Republic of Cuba and the United States, on the one hand, and foreign countries, on the other, the President of Cuba shall fix the amount of the authorized

sugar crop for Cuba for the ensuing year and its proportionate distribution. Restriction of the Cuban sugar crop was first authorized to be made under the law of May 3, 1926. The provisions of the new law, therefore, so far as they relate to crop restriction may be said to merely authorize the continuation of an established policy. It may be well to note in this connection that the authority to regulate sugar production, both under the present and under the former law, refers to the quantity of sugar that may be ground by each mill and in the aggregate, and not to acreage restriction. There are, however, other provisions of law under which the Cuban President is authorized to restrict the clearing of new land for use in sugar production.

The new law contains a special proviso to the effect that the restriction upon production shall not be made effective if other countries, by progressively increasing their sugar production, should nullify the effect of crop restriction in Cuba. At the present time a representative of the Cuban government is in Europe attempting to secure crop restriction agreements.

(3) Allotment of sugar production.-- The distribution, or allotment, of the authorized crop shall be on a pro-rata basis for each mill. The quantity which each mill is to manufacture and the quantity which may be exported to the United States shall be determined by the Sugar Commission on an equitable basis. Under certain conditions companies or groups owning more than one mill may grind part of their allotment in mills located in other areas (Articles XIV and XV).

When recommending to the President the percentage of surplus production of sugar to be sold through the Export Corporation to countries other than the United States, the Commission shall take into account and include in such percentage the amounts it estimates as necessary for the exports of refined sugar from the United States to other consuming countries (Article XVII).

(4) Tax on surplus sugar, etc.--Sugar produced in excess of the authorized crop, as defined in Article V, shall be subject to a special tax of $20.00 per bag of 325 pounds, 96° polarization. A transitory, or temporary, tax of one cent per sack on all raw sugar, 96° polarization of 325 pounds net weight produced from the 1927-28 crop, is established in Article XI.

(5) Sugar Export Corporation.--Article VIII of the law authorizes the creation of a Sugar Export Corporation, with an authorized capital of $250,000. All of the stock of this Corporation is to be owned and held by the sugar mills and planters in the Republic of Cuba. It shall be the business of this corporation to sell for the account of the Cuban sugar producers the surplus or excess production of raw sugar; the term "excess production" being defined as all the sugar which exceeds the domestic consumption requirements and the quantity to be exported to the United States.

The Export Corporation shall receive an annual subsidy of $250,000 from the Cuban Government, to be used in defraying the expense of organi-

zation and the carrying on of propaganda and advertising of Cuban sugar in foreign sugar consuming countries.

The Sugar Export Corporation was organized on October 17, 1927, by the National Sugar Commission, as provided by law.

(6) Special provision of a temporary character.--Under what is known as the transitory provision, the President of Cuba is authorized to withdraw from the stocks of sugar on hand at the time this law becomes effective, not to exceed 150,000 tons, and to deliver the same to the Export Corporation for sale by it on a pro-rata basis for account of the owners.

According to information which has been received from Cuba since the enactment of this law, the sale of the 150,000 tons of sugar, referred to above, has been made to a sugar importer in Great Britain.

The sugar defense law was passed by the Cuban Congress and approved by the President of Cuba on October 4, 1927, and became effective upon its publication in the "Official Gazette" on October 5, 1927. The law is to remain in force for a period of six years, or up to and including the crop year 1932-33.

Statistics of production, consumption, imports, exports, and prices of sugar, for the United States and Cuba, that may be helpful in obtaining a better understanding of the operation and probable effect of the law will be found in the succeeding pages. An English translation of the law is also attached.

Table 1.- World production of raw cane and beet sugar, 1909-1910 to 1926-1927 a/

Crop year b/	Estimated world total	Total Europe beet sugar	Chief producing countries: Cuba	India c/	Java d/	Germany e/	Czecho-slovakia
	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons
1909-10....	16,831	6,599	2,021	2,481	1,369	2,147	---
1910-11....	18,828	8,407	1,661	2,587	1,411	2,770	---
1911-12....	17,904	6,629	2,124	2,745	1,617	1,552	---
1912-13....	20,367	8,885	2,720	2,862	1,550	2,902	---
1913-14....	21,005	8,710	2,709	2,573	1,616	2,886	---
1914-15....	20,878	8,128	2,922	2,736	1,549	2,721	---
1915-16....	18,874	5,644	3,398	2,949	1,454	1,678	---
1916-17....	18,593	4,444	3,422	3,093	1,797	1,721	---
1917-18....	20,293	4,665	3,890	3,839	2,009	1,726	---
1918-19....	18,791	3,867	4,491	2,752	1,960	1,297	f/ 714
1919-20....	17,999	2,857	4,184	3,404	1,473	774	553
1920-21....	19,563	4,116	4,406	2,825	1,681	1,195	797
1921-22....	20,577	4,349	4,517	2,928	1,853	1,434	731
1922-23....	20,861	4,991	4,083	3,410	1,989	1,604	811
1923-24....	22,833	5,522	4,606	3,715	1,981	1,263	1,115
1924-25....	26,742	7,734	5,812	2,854	2,202	1,724	1,574
1925-26....	27,724	8,010	5,463	3,334	2,535	1,770	1,665
1926-27 Prel. ..	26,201	7,430	5,040	3,593	2,175	1,835	1,146

Division of Statistical and Historical Research.

a/ Includes refined sugar in terms of raw.
b/ Figures are for the crop years 1909-10 to 1926-27 for the countries in which the sugar harvesting begins in the fall months and is completed during the following calendar year, except in certain cane-sugar producing countries where the season begins in May or June and is completed in the same calendar year. Production in these countries is for the calendar years 1909 to 1926.
c/ The figures quoted are the production of gur, a low grade of sugar which is mostly consumed by the natives.
d/ All grades of sugar reduced to terms of head sugar.
e/ Figures for 1909-10 to 1917-18 are for pre-war boundaries.
f/ Bohemia, Moravia, and Silesia only.

Table 2.- CUBA; Production of raw sugar, 1902-3 to 1926-27, total exports and exports to the United States, calendar years 1903-1926 a/

Crop year b/	Production	Exports c/	
		Total	To United States
	Short tons	Short tons	Short tons
1902-03	1,118,738	1,059,142	1,033,974
1903-04	1,165,055	1,229,585	1,229,510
1904-05	1,302,849	1,206,979	1,205,080
1905-06	1,320,199	1,322,654	1,319,548
1906-07	1,598,994	1,456,203	1,449,472
1907-08	1,077,393	996,312	996,228
1908-09	1,694,965	1,603,323	1,603,318
1909-10	2,020,871	1,932,871	1,827,988
1910-11	1,661,465	1,574,144	1,568,810
1911-12	2,123,502	2,150,428	2,016,909
1912-13	2,719,961	2,700,641	2,385,318
1913-14	2,909,460	2,748,857	2,419,496
1914-15	2,921,984	2,826,429	2,406,406
1915-16	3,398,385	3,237,017	2,411,853
1916-17	3,421,597	3,177,035	2,265,950
1917-18	3,889,966	3,597,363	2,516,581
1918-19	4,490,902	4,436,524	3,493,902
1919-20	4,183,676	3,444,609	2,614,865
1920-21	4,406,413	3,161,424	2,616,732
1921-22	4,517,470	5,505,565	4,389,366
1922-23	4,083,483	3,818,946	3,420,284
1923-24	4,606,223	4,379,275	3,766,775
1924-25	5,812,068	5,445,365	4,045,008
1925-26	5,463,000	5,232,522	4,272,191
1926-27	5,040,000		

Compiled from official reports of the "Secretaria de Agricultura, Comercio y Trabajo".

a/ Raw sugar, including refined in terms of raw.
b/ The Cuban crop year usually begins in November or early in December. Grinding of the 1926-27 crop, however, was fixed by presidential decree to begin January 1, 1927.
c/ Years ending December 31, 1903-1926.

Table 3.- Exports of raw sugar from Cuba, by principal countries of destination, 1921 - 1926 a/

Countries	Years ended December 31 -					
	1921	1922	1923	1924	1925	1926
	Short tons	Short tons	Short tons	Short tons	Short tons	Short tons
United States	2,616,732	4,389,366	3,420,284	3,766,775	4,045,008	4,272,191
Canada	22,944	85,138	42,855	18,866	112,225	72,143
United Kingdom	326,604	749,667	281,781	497,829	986,287	411,385
France	67,410	148,566	28,371	38,620	94,705	111,772
Netherlands		14,501	11,233	34,720	81,436	50,666
Belgium	3,300	33,151	5,234	366	12,059	522
Other European countries b/	27,055	17,695	22,530	4,983	8,586	25,862
Japan	55,506	43,290	0	0	40,296	73,159
China	16,832	17,176	0	14,397	26,097	137,862
South America	2,321	2,322	5,060	712	31,785	1,721
Other countries c/	22,718	4,693	1,598	2,007	6,881	75,239
Total exports	3,161,424	5,505,565	3,818,946	4,379,275	5,445,365	5,232,522

Compiled from Comercio Exterior, Cuba, 1921-1925; Importacion y Exportacion de la Republica de Cuba en El ano 1925.

a/ Includes small amounts of refined sugar in terms of raw.
b/ Includes Spain, Canary Island, Germany, Ireland, Denmark, Sweden, Poland and Italy.
c/ Includes Mexico, Central America, the West Indies, French Indo-China, British Africa, and Australia.

Table 4.- Price per pound of raw sugar in Habana, Cuba, 1924-1927 1/

Month	1924	1925	1926	1927
	Cents	Cents	Cents	Cents
Jan.	4.448	2.450	2.053	2.942
Feb.	5.114	2.504	2.165	2.823
Mar.	4.812	2.654	1.977	2.713
Apr.	4.223	2.402	2.043	2.663
May	3.509	2.253	2.083	2.757
June	3.011	2.305	2.053	2.583
July	2.991	2.165	2.036	2.452
Aug.	3.230	2.248	2.118	2.436
Sept.	3.695	2.173	2.278	2.729
Oct.	3.865	1.801	2.394	
Nov.	3.734	1.949	2.519	
Dec.	3.260	1.967	2.939	
Average	3.658	2.239	2.222	

Compiled from Revista Azucarera de Cuba (formerly H. A. Himely), Habana (weekly).

1/ Centrifugal sugar, testing 96° by the polariscope.

Table 5.- Sugar, raw (96° centrifugal): Average wholesale price per pound, New York, 1909-1927

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av. 1/
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Av.- 1909-1913	3.9	3.9	4.0	3.9	3.9	3.8	4.0	4.2	4.5	4.3	4.2	4.1	4.1
1914-1920	6.2	6.1	6.3	7.3	7.8	7.6	7.4	7.2	6.8	6.4	6.2	6.2	6.8
1921-1925	5.1	5.4	5.8	5.6	5.4	5.1	5.2	5.2	5.3	5.4	5.4	5.2	5.3
1909	3.7	3.6	3.8	3.9	3.9	3.9	3.9	4.1	4.2	4.3	4.4	4.2	4.0
1910	4.1	4.2	4.4	4.3	4.3	4.2	4.3	4.4	4.3	3.9	3.9	4.0	4.2
1911	3.6	3.5	3.8	3.9	3.9	3.9	4.3	4.9	5.9	5.9	5.1	4.8	4.5
1912	4.4	4.6	4.5	4.1	4.0	3.9	3.9	4.1	4.3	4.1	4.0	4.0	4.2
1913	3.5	3.5	3.5	3.4	3.3	3.3	3.6	3.7	3.7	3.5	3.6	3.4	3.5
1914	3.3	3.4	3.0	3.0	3.2	3.3	3.3	5.7	5.8	4.4	3.9	3.9	3.8
1915	4.1	4.7	4.8	4.8	4.8	4.9	4.9	4.8	4.3	4.1	4.8	4.9	4.7
1916	4.6	4.9	5.6	6.2	6.4	6.3	6.3	5.6	5.6	6.3	6.2	5.3	5.8
1917	5.2	5.2	5.5	6.2	6.1	6.0	6.6	7.3	7.0	6.9	6.9	6.3	6.3
1918	6.0	6.0	6.0	6.0	6.0	6.0	6.1	6.1	7.0	7.3	7.3	7.3	6.4
1919	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	10.2	7.5
1920	13.0	11.4	11.9	17.7	20.8	19.7	17.6	13.4	10.7	8.3	6.8	5.3	13.0
1921	5.4	5.3	6.1	5.4	4.9	4.2	4.4	4.7	4.3	4.2	4.1	3.7	4.7
1922	3.6	3.8	3.9	4.0	4.1	4.6	5.2	5.2	4.8	5.4	5.6	5.7	4.7
1923	5.3	6.2	7.3	7.8	7.9	7.4	6.9	6.1	7.0	7.6	7.3	7.3	7.0
1924	6.7	7.2	6.9	6.4	5.6	5.1	5.1	5.4	6.0	6.0	5.8	5.3	6.0
1925	4.6	4.6	4.7	4.5	4.3	4.4	4.3	4.4	4.3	3.9	4.0	4.1	4.3
1926	4.2	4.2	4.0	4.1	4.2	4.1	4.2	4.2	4.4	4.6	4.7	5.1	4.3
1927	5.1	4.9	4.8	4.8	4.8	4.6	4.5	4.5	4.8				

Division of Statistical and Historical Research. Compiled from Bureau of Labor Statistics reports. Data for 1890-1908 are available in 1924 Yearbook, p. 810, Table 388. Data for 1909-1926 from the 1926 Yearbook.

1/ Derived from the figures upon which the monthly averages are based.

Table 6.- United States: Total production, trade, and supply of sugar available for consumption in Continental United States, 1909-1926.

Year beginning July 1	Production a/	Brought in from Insular Possessions b/	Imports as sugar c/	Domestic exports as sugar d/	Exports in other forms e/	Available for consumption f Total	Available for consumption f Per capita
	Short tons	Short tons	Short tons	Short tons	S. tons	Short tons	Pounds
			IN TERMS OF RAW SUGAR				
Av.1909-13	957,491	1,004,493	2,068,427	45,502	17,317	3,967,591	84.0
Av.1914-20	1,102,153	1,072,288	2,847,575	547,406	46,538	4,428,072	86.0
Av.1921-25	1,187,833	1,495,517	3,854,633	441,588			
1909	882,630	927,752	1,934,754	72,382	24,351	3,648,403	79.7
1910	903,475	943,701	1,845,279	36,597	15,966	3,639,891	78.3
1911	1,005,337	1,187,663	1,832,424	50,380	15,160	3,959,883	83.9
1912	907,070	1,026,972	2,266,426	30,963	19,217	4,150,288	86.6
1913	1,088,844	936,376	2,463,252	37,190	11,842	4,439,489	91.3
1914	1,022,228	1,098,314	2,529,963	302,641	13,585	4,334,878	87.9
1915	1,078,407	1,102,057	2,689,067	882,864	12,213	3,974,453	79.4
1916	1,193,107	1,203,938	2,527,984	676,752	29,211	4,219,065	83.2
1917	1,068,437	975,684	2,344,816	305,429	46,131	4,037,377	98.5
1918	1,102,421	1,073,944	2,799,962	568,566	36,747	4,371,013	83.8
1919	903,060	975,735	3,812,955	776,502	98,386	4,816,862	91.1
1920	1,346,811	1,078,342	3,228,279	319,589	89,491	5,242,852	97.9
1921	1,424,726	1,340,867	3,940,777	1,085,349	31,397	5,589,624	103.0
1922	1,021,360	1,235,049	4,068,205	412,196	12,568	5,899,849	107.3
1923	1,111,898	1,274,870	3,436,955	152,883	24,617	5,646,223	101.4
1924	1,260,483	1,645,319	3,931,282	273,470	22,436	6,541,178	116.7
1925	1,120,381	1,981,482	3,895,947	325,804	24,998	6,647,008	117.1
1926	1,011,166	1,689,347	3,968,880	447,055	g/		
			IN TERMS OF REFINED SUGAR h/				
1921	1,325,906	1,260,894	3,686,397	1,000,377	29,182	5,234,638	96.5
1922	950,625	1,161,351	3,805,745	383,439	11,682	5,522,600	100.5
1923	1,034,615	1,198,777	3,214,883	142,217	22,943	5,283,115	94.9
1924	1,172,466	1,547,587	3,674,563	254,391	20,911	6,119,314	108.5
1925	1,042,903	1,859,332	3,634,323	303,073	23,298	6,210,187	109.4
1926	940,959	1,588,981	3,714,054	415,865	g/		

Division of Statistical and Historical Research. Trade figures, Bureau of Foreign and Domestic Commerce.

a/ Beet and cane sugar only. b/ Duty free, from Hawaii, Porto Rico, and the Philippine Islands (Virgin Islands included 1917 and subsequently). c/ No account taken of sugar imported in other forms. Imports from the Philippine Islands excluded, reexports deducted. d/ Shipments to Hawaii and Porto Rico included. Direct exports to foreign countries from Hawaii and Porto Rico excluded. e/ Sugar used in the manufacture of other commodities for export on which drawback was paid. f/ No account taken of stocks at the beginning or end of year. g/ Data not available. h/ Raw sugar converted to refined by multiplying by the following factors: Cuba and Hawaii .9358; Porto Rico .9393; Philippines .95; all others (Santo Domingo, British West Indies, Louisiana, etc.) .932.

[SUGAR DEFENSE LAW]

DEPARTMENT OF AGRICULTURE, COMMERCE, AND LABOR

I, GERARDO MACHADO Y MORALES, President of the Republic of Cuba,

HEREBY MAKE KNOWN: That the Congress has passed and I have approved the following:

LAW:

[National Sugar Commission]

Article I. There is hereby created the "National Commission for the Defense of Sugar," which shall be composed of five members, appointed by President of the Republic, who shall serve without any compensation, or per diem allowances, whatsoever. These commissioners shall be competent and duly qualified, in the judgment of the President of the Republic, in matters pertaining to the sugar industry and the statistical knowledge necessary for the purpose of preparing annual estimates of the world production and consumption of sugar.

Article II. The Commission shall be permanent in character and its members shall be subject to removal, in whole or in part, whenever in the judgment of the President it shall be for the good of the interests which the Commission represents. All vacancies through resignation, incapacity, or death shall be filled in the manner provided for in Article I of this law.

Article III. As soon as they are appointed the members of the Commission shall meet for the purpose of assuming charge of their offices and shall elect one of their number to act as Chairman. Future meetings shall be held at such times as the Chairman of the Commission may consider advisable and pursuant to the issuance of due notice to that effect. In order that the meetings may be valid, at least three of the members shall be present, and resolutions shall be adopted by the majority vote of those present. In order to have the effect of law all resolutions must be submitted to the President of the Republic who may approve or disapprove the same.

[Duties of the Sugar Commission]

Artielc IV. The Commission shall inform and advise the President of the Republic upon all problems of the sugar industry, such, for example, as the date when the grinding of the sugar crop shall begin and, particularly

---

Published in the "Official Gazette", Habana, October 5, 1927.

during the months of October, November, and December of each year with regard to the estimates of production and consumption of sugar in the world, taking into account the carry-over from previous crops in this and foreign countries, the visible stocks and, as far as possible, the invisible stocks; prospects of production in other countries; the present and future consumption requirements, domestic and foreign, and, in short, whatever data and information may be necessary to arrive at a proper basis for intelligent and effective action. As soon as the Commission has made its estimate in terms of tons of 2,240 pounds of the quantity of Cuban sugar required for consumption in this country, and in the United States of America, on the one hand, and, on the other hand, other countries which have need for our sugar during the year in question, the President of the Republic shall fix the amount of the authorized Cuban crop for the ensuing year and its proper proportionate allotment; it being understood that if as a result of this far-sighted policy of Cuba, the producing countries of sugar throughout the world should make progressive increases in their plantings and industrial establishments and thus neutralize the effect sought by this law, then the Commission shall in its annual recommendation to the President of the Republic, advise him not to make use of the power to restrict production granted him by this law, and upon the acceptance of this recommendation by the President it shall remain in force and be irrevocable during the succeeding twelve months.

[Crop Restriction and Tax on Excess Production]

Article V. The authorized crop for the purpose of this law and for the purpose of the tax upon production herein provided for shall be understood to be the quantity of centrifugal sugar of 96° polarization exempt from said tax which may be produced annually by the sugar mills of Cuba, and which shall be exported in the manner and proportion fixed by Article IV, et seq., of this law.

Article VI. There is hereby established a special production tax of $20 on every sack of sugar of 325 pounds net, 96° polarization, which exceeds the authorized crop of each mill in a given year. This tax shall be collected by the respective revenue collectors in the same manner as the present tax of ten cents per sack of sugar is now being collected. The Chief Executive is hereby authorized to enforce and secure compliance with the provisions of this article for each crop.

Article VII. The mills shall grind the cane of their planters as called for by their contracts with the sole reduction of the necessary percentage which represents the difference between the estimate of the normal production for each mill, made in accordance with the terms of the present law, and the quantity of sugar to be manufactured by each mill as its authorized crop.

[Sugar Export Corporation]

Article VIII. Authority is hereby granted for the organization of a company which shall be incorporated under the existing laws; the stockholders

of which shall be the persons, natural or legal, who may be the owners, lessees, or operators in any form whatever of sugar mills in Cuba, at the time this law is published in the "Official Gazette" of the Republic, or which may acquire them in the future, in proportion to the number of sacks of sugar of 325 pounds net, 96° polarization, manufactured by their respective mills during the 1926-27 crop. All of the planters of the Republic may also be stockholders of this company and they shall have the right to subscribe up to 10 per cent of the capital stock of the same, in proportion to the number of sacks of sugar of 325 pounds net, corresponding to each planter for the 1926-27 crop, and in the ratio to that subscribed by the respective mill or mills; therefore, the sugar mills shall place at the disposal of their planters, whenever so requested, and within a maximum period of twelve months from date of publication of this law in the "Official Gazette" of the Republic, the shares of stock corresponding to each planter, the value of which shall be paid to the mill or mills in the same manner as was paid by the latter, that is, at the rate of one cent per sack of 325 pounds net. The company shall be organized as a joint stock company and shall be called the Cuban Sugar Exporting Company (Companis Exportadora de Azucar de Cuba) and shall be subject to the legal requirements governing such stock corporations. In order that the corporation may be established according to law, the necessary powers are hereby granted to the five members of the National Commission for the Defense of Cuban Sugar for the execution and filing of the necessary articles of incorporation of the company, making formal delivery of the same to the officers elected by the stockholders in accordance with its by-laws, in which shall be embodied the fundamental aims and purposes hereinafter set forth.

(A) The authorized capital of the company, which shall be distributed wholly in the form and proportion hereinafter specified, shall be $250,000, divided into 25,000 shares, having par value of $10 each.

(B) The capital stock shall be increased whenever a new mill or concern becomes a member of the company, in accordance with the provisions of this law, the number of shares being increased accordingly.

(C) The resolutions relating to the election of the board of directors and all other resolutions which are to be adopted at the general meetings of stockholders of the company, regular and special, shall be passed by a majority vote, counting one vote for each $10 share. The President of the National Association of Planters (Asociacion Nacional de Colones) shall always be a member of the said board of directors, whether a stockholder of the company or not, since for this purpose he shall be considered as representing the indirect interest which the sugar planters have in the operation of the Cuban Sugar Exporting Company.

(D) The company shall devote itself exclusively to the sale on a pro rata basis and for the account of all the producers of Cuban sugar, or those representing them, of the excess of production of this product in its raw state; the term excess production in this case being understood to mean all the sugar exceeding the domestic consumption requirements and the quantity to be exported to the United States of America, that is, the sugar not protected by the reciprocity treaty in force between Cuba and that Republic.

(E) For the proper verification of its destination the sugar sold by the company shall be accompanied, upon exportation, by the necessary certificates of identity.

(F) The company may within its sole and essential function of a selling agency carry on all the operations inherent in its nature, such as exportation, shipments, chartering of vessels, land and marine insurance against all kinds of risks, issuance of drafts and checks, and the execution of any and all documents that may be necessary for the usual conduct and successful transaction of its business.

Article IX. Each new mill, or owner thereof, who shall in the future establish himself in the territory of the Republic, shall be obliged to become a stockholder in the Cuban Sugar Exporting Company in an amount equal to one cent for each sack of sugar of 325 pounds net, or the equivalent, which may be manufactured in its first normal crop.

Article X. The President of the Republic shall subscribe directly, or shall cause subscription to be made by such intermediary as he may consider proper, to 25,000 shares representing the capital stock of the Cuban Sugar Exporting Company, which amount shall be paid from funds in the public treasury not otherwise appropriated, and he shall distribute those shares pro rata among all the companies and individuals which are at present owners, lessees or operators in any form whatever of sugar mills in Cuba. The pro-rata distribution of these shares shall be made in proportion to the number of sacks of raw sugar of 325 pounds net each, or its equivalent, produced by each mill from the 1926-27 crop. It shall be obligatory for these concerns in their capacity of owners, lessees, or operators of sugar mills in Cuba, to become stockholders of the company in the proportion indicated.

Article XI. There is hereby established a transitory (temporary) tax of one cent per sack on all raw sugar of 96° polarization, 325 pounds net weight or its equivalent, produced in the national territory during the 1927-28 crop; this tax shall be in force only during the said crop, and shall be collected by the respective revenue offices in the same manner as the regular tax is now being collected, the proceeds thereof to be tranmitted to the national treasury in accordance with the provisions which will be issued at the proper time, the government thus reimbursing itself for the amounts expended in compliance with the preceding article.

Article XII. Upon the approval by the President of the Republic of the resolutions of the National Commission for the Defense of Sugar, relative to the quantity stipulated for grinding from each crop, and in consequence exempt from the special tax created by Article VI of this law, he shall fix the proportionate part of the sugar which is to be used for local or domestic consumption and that which is to be sold through the exporting company to countries other than the United States of America, as well as the percentage corresponding to each mill or producing unit; there remaining at the free disposal of each mill-owner or planter who receives sugar in payment for his cane, or their lawful successors and assigns, the sugars which under the rigid pro rata distribution established by this law shall be sold and export-

ed to the United States of America without any further limitation than the obligation of the shippers exporting sugar, either for their own account or for the account of others, to produce the necessary certificates which shall duly authenticate the final destination of the sugar (landing certificates) within a period not to exceed six months and subject to satisfactory surety bond, the amount of which shall be fixed in the respective regulations.

Article XIII. The certificates of identity covering the sugar intended for countries outside of the United States of America shall be delivered to the exporting company so that the said sugars may be sold and shipped to those countries, to do which the exporting company has the sole and exclusive right.

Article XIV. The distribution of sugar from each crop shall be made by fixing definitely and on a pro rata basis the number of sacks of 325 pounds net which shall be produced in each sugar mill, but at the request of an interested party this distribution may be extended to companies or groups, provided that by so doing no injury is caused to established interests in the various districts in which existing mills are now located, that is, the companies or individuals owning more than one mill, or the groups mentioned, may grind part of their individual allotment, in other mills, when for unforeseen reasons or force majeure they cannot do so completely at the mills in whose favor the allotment was made, provided that these latter mills do not leave unground any cane of planters subject to contracts previously made.

Article XV. The pro-rate distribution of the authorized crop among all mills, both as regards the amount which each mill may produce, as well as the proportional part which it has a right to sell and ship to the United States of America, shall be made by the President of the Republic through the present sugar commission, which shall be obliged to make a general and equitable distribution in strict accordance with the provisions of this law. In order to facilitate commercial transactions for the sale and shipment of sugars destined to the United States of America, whether such transactions are effected within or outside of Cuba, as well as for the more expeditious mobilization of credit with pledges of the product, both in respect to sugars to be consumed in the country and those to be exported to the United States of America, together with the sugar to be delivered to the exporting company, there shall be issued by the sugar commission, referred to by this article, certificates of identity against warehouse certificates to be exhibited by each producer, planter, or their successors or assigns, in the proportion corresponding to each lot of sugar manufactured and in warehouses; that is, the local holders of the product shall be entitled to have issued to them at their request under practical and simple regulations which shall be issued for this purpose, the required certificates of proof of identity or authorized destination of said sugars, whether dealing with sugars of free disposal for sale or shipment to the United States of America, or the remainder of their crop which includes the sugars intended for local consumption and those which are to be delivered to the exporting company for the purposes hereinbefore indicated.

Article XVI. The basic unit which shall always be employed in the distribution and pro-rata apportionment referred to by this law, in so far as it relates to the raw product, is the sack of centrifugal sugar of 325 pounds net weight, 96° polarization; but in the case of refined sugar for sale in the Republic, for exportation to the United States of America or other countries, this shall not prevent the interested party from making sales and shipments by deducting its raw sugar equivalent from the corresponding certificate or certificates of identity.

Article XVII. The National Commission for the Defense of Sugar, when recommending to the President of the Republic the percentage of over-production of Cuban sugar to be sold through the exporting company to countries other than the United States of America, shall take into account and include in the said percentage the quantity which it considers necessary for the exportation of refined sugar from the United States of America to other consuming countries, and for that purpose after verification in each case of the exports of refined sugar above mentioned, the exporting company shall provide said refiners or their legal representatives with the corresponding equivalent in raw sugar, taking the same from its own stocks, that is, from the Cuban over-production.

Article XVIII. The Government of Cuba shall pay annually to the Cuban Sugar Exporting Company a sum not to exceed $250,000, payable in monthly installments, which shall be used by the company in defraying its expenses of organization and propaganda, after approval in each case by its board of directors, this sum to be used preferably in carrying on propaganda and advertising of Cuban sugar in those countries not consuming it now in important quantities, or those in which there is a possibility of increasing consumption, distributing samples on a large scale and in an intelligent way among the inhabitants of the countries who are unacquainted with the use of sugar or employ it in very limited quantities.

Article XIX. The Sugar Exporting Company of Cuba is hereby exempted from the payment of all existing taxes or those which may be established in the future in the Republic by the national, provincial or municipal governments.

Article XX. In order to guarantee the operations of the company and to secure its credit, both in Cuba and abroad, the authority granted to it by this law for the sale of the Cuban surplus production shall not be withdrawn without giving at least two years' advance notice, during which time it may liquidate its business in a methodical and orderly manner if it shall consider that such aid is indispensable to it for its proper functioning, or to prepare itself for continuing its functions without government aid and with the sole cooperation of its stockholders, clients, capital, and moral solvency already acquired.

Article XXI. As soon as the National Sugar Defense Commission and the Sugar Exporting Company of Cuba have been organized, the Chief Executive shall issue such regulations as may be necessary for the functioning of both organizations in accordance with the terms of this law, obtaining for this purpose the advice and counsel of the members of the former and the board of

directors of the latter. The Chief Executive shall also issue the necessary regulations concerning the new duties to be assumed by the Sugar Commission now existing, and provision shall be made in these regulations for penalties in the form of fines, which shall range between $500 and $10,000 for each and every violation of this law or of the orders and resolutions issued by the Sugar Commission.

Article XXII. Pending the inclusion in the budget of the amount referred to in Article XVIII of this law, the Chief Executive may take the same from funds in the national treasury not otherwise appropriated.

Article XXIII. All orders, regulations, etc., now in force, in so far as they conflict with the strict enforcement of this law, are hereby repealed.

Article XXIV. This law shall take effect upon its publication in the "Official Gazette" of the Republic, and shall remain in effect during the years 1927-1928, from 1928 to 1929, 1929 to 1930, 1930 to 1931, 1931 to 1932, and from 1932 to 1933.

Before May 30, 1933, the date on which this law shall cease to be in force, the President of the Republic shall address Congress, requesting, if he considers it advisable, that the same continue in effect.

The life of the company authorized by this law shall in no case exceed the period during which this law is in effect. In case of the dissolution of the company through expiration of the time limit fixed by this article, said company shall not enjoy the right of sale granted it in Article XX of this law.

Transitory (temporary) Provision. In case circumstances warrant or it is deemed necessary, the President of the Republic may direct that of the sugars on hand in warehouses or mills in the Republic on the day of the publication of this law in the "Official Gazette", a proportional amount may be withdrawn, which in the aggregate shall not exceed 150,000 tons, to be delivered to the exporting company and by it sold pro rata and for the account of the interested parties in accordance with the provisions of this law. The owner or owners of sugar who have not contributed their proportional part fixed by the Executive Order for the purpose of this transitory (temporary) provision, shall incur a fine of $5 for each sack of sugar of 325 pounds net weight, which it should have delivered to the exporting company. The proceeds from the fines imposed shall be used in defraying the expenses of the campaign of propaganda, advertising and distribution of Cuban sugars which will be made by the exporting company.

Therefore, I hereby direct the enforcement and execution of the present law in all its parts.

Done at the Presidential Palace in Habana on October 4, 1927.

MANUEL J. DELGADO GERARDO MACHADO.
Secretary of Agriculture, Commerce and Labor.

----------0----------